FASF
MEMBERSHIP

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To whom it may concern:

Company name: BASE, Inc.
Representative: Representative Director and CEO Yuta Tsuruoka
                                (Code: 4477, Tokyo Stock Exchange Mothers)
Inquiries: Director and CFO Ken Harada
                                              TEL 03-6441-2075

BASE Further Supports Increases in New and Repeat Purchasers
Shopping Service "Pay ID" for Purchasers to be Released by Year End
- Supporting New Payment Experiences and Building Lasting Relationships with Purchasers-

We are pleased to announce that "BASE," an online shop-creation service operated by BASE, Inc. (Location: Minato-ku, Tokyo; Representative Director and CEO: Yuta Tsuruoka) will begin offering the "Pay ID" shopping service for purchasers by the end of 2021, aimed at increasing repeat purchasers by supporting new payment experiences and building lasting relationships between shop brands and purchasers.

Pay ID is a new service that integrate, and revamps existing services provided by BASE (including group subsidiaries). With this new service, the number of ID registrants will reach 7.5 million, and the MAU of the application will exceed 1 million for the new shopping service.

About the "Pay ID" Shopping Service

Pay ID is a new service for purchasers that comprehensively improves the shopping experience from payment to after-shopping, through an ID payment function[1] that enables quick online purchases and a mobile app[2] that supports the building of lasting relationships between shop brands and purchasers.

The service will initially be available for shopping at member shops of the BASE online shop creation service, where an accumulated total of over 1.6 million shops have been open so far.

Notes:
1. The payment function is provided by Pay, Inc., a wholly owned subsidiary of BASE, Inc.
2. Existing features in the BASE shopping app will continue to be available in the Pay ID app.

■**Background to the Launch of the "Pay ID" Shopping Service**

In recent years, there has been an increase in the number of shops opened as an independent storefront e-commerce platform to sell products on the internet, instead of listing products on mall-type platforms. As a storefront type e-commerce platform, BASE has newly opened over 500 thousand shops in the last year.

Unlike mall-type platforms, storefront platforms have the advantage of allowing shop brands to freely express their designs and communicate directly with purchasers by obtaining purchaser information. However, shops brands also need to attract purchasers on their own. For this reason, it has become standard for brands to use social networking sites such as Twitter, Facebook, and Instagram, as well as video platforms such as YouTube and TikTok, to attract and promote purchasers.

The Pay ID Shopping Service is designed to improve the shopping experience on the internet by supporting the building of optimal relationships between shop brands and purchasers. This design anticipates the decentralization of customer attraction and sales promotion channels promoted by storefront brands against the backdrop of this recent e-commerce environment.

In addition, Pay ID will be provided as a new shopping service for purchasers by leveraging the characteristics and assets of the BASE Shopping App operated by BASE, and PAY ID, an ID-based payment service provided by PAY, Inc., a wholly owned subsidiary of BASE.

■**Changes to Existing Services with the Launch of "Pay ID"**

The logo and name of the BASE Shopping App and the PAY ID, ID-based payment service have been changed to newly launch the Pay ID Shopping Service.

	Before	After
Overall Service for Purchasers	N/A	PayID Shopping Service "Pay ID"
App	Shopping App "BASE"	Shopping Service "Pay ID"
Payment Function	PAY ID ID-based Payment Service "PAY ID"	PayID Pay ID Payment

1. About the Payment Function

The name of the ID-based payment service "PAY ID" operated by PAY, Inc. will be continued under the new name "Pay ID" (Pay using lower cap alphabet), and logo changed similarly. The payment system itself will be the same as the previous PAY ID as it will take on the payment card industry data security standard (PCI DSS) compliant system developed by Pay, Inc. This means we will continue to provide a secure payment service with rigorous information management.

Payment Function Features of Pay ID:

Once users register credit card and address information in Pay ID, they can log in and make payments without having to enter these fields of information each time they shop.

In addition, a new function is currently under development, providing password-free authentication so that Pay ID can be used easily and quickly to purchase products from BASE shops, with various channels throughout the internet. (Scheduled to be available by the end of 2022)

2. About the App

Users can purchase products in a wide range of genres, including trends, fashion, interior design, entertainment/hobbies, cosmetics, home appliances/smartphones, sports/leisure, food and beverages (including agricultural products such as vegetables and fruits, and fresh foods such as meat and fish). Existing functions are as follows.

Going forward, we plan to expand the existing functions to further enhance repeat purchases between the purchaser and brand shops.

List of existing features on the Pay ID App
- Follow your favorite shop brands
- Information on new arrivals of shop brands you are following
- Check purchase history at BASE member store (purchase info is centrally managed in the app even after purchasing on the website)
- Delivery updates
- Wish list functions
- Shop brands and product search
- AI driven recommendations for shop brands and products

Scheduled new functions for Pay ID
- Password-free authentication for payments (scheduled to be available by the end of 2022)
- Strengthening of integration functions with BASE, providing purchaser loyalty for the shop brands scheduled to be available by the end of 2022)

■ A Message from Masahito Jinguji, Executive Officer and VP of Product at BASE, Inc.

BASE, Inc. is providing more value for its target audiences by making a clear distinction between the two products: Pay ID, which makes it easier for shoppers at BASE member stores to purchase their favorite brands, and BASE, the online shop creation service for shop owners. As well as further developing the BASE service in the future, we will focus on the development of Pay ID to build the best shopping environment for member shop purchasers.

The release of the Pay ID app may come as a surprise for users of the BASE Shopping App in particular, but these users can continue to use the functions they are familiar with, and we will continue to provide the recommendation feature so purchasers can find out about new brands and products.

The name and logo may be changing, but the mission for our team remains the same. To focus on developing better services, and maximizing the shopping experience, as well as strengthening lasting relationships between shop brands and their fans. Pay ID will do this by serving to connect shop owners with their fans, so we really hope people will continue to use it.

■ Future Prospects

We live in an age where it is now easy to open an online shop from a smart phone, where a wide variety of shops brands are created, and where the options for online shopping are further expanding. Furthermore, people can find what they like through social networking services and other platforms. In this environment, e-commerce plays the role of transporting value from one person to another through the internet. However, there is still room for the domestic e-commerce space to grow, and we believe that in order to do so, we need to create an environment that allow people to easily open online shops, and make online shopping itself an easy and familiar means of purchasing.

For the success of the individuals and SMBs that BASE aims to empower, the existence of fans who support each shop brand are essential. We will support the building of relationships between shop brands and purchasers through a smooth payment and shopping experience for the fans of each shop brand, and further enhance the Pay ID shopping service in a way that is optimal for the digital environment of the future.

Through our shopping service Pay ID and online shop creation service BASE, we will continue to pursue our company mission "Power to the People, Payment to the People", where regardless of time and place, the exchange of values can be made smoothly in this attractive SMB market that we aim to contribute to.

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Reference Information on the Usage Characteristics of Each Existing Service
The following services will be rebranded as the new shopping service Pay ID by the end of this year.

Reference Information on the shopping app BASE :
The shopping app BASE is used by more than 1 million users per month (MAU). Users who have shopped at BASE shops at least once tend to follow the shops of BASE on the shopping app and make repeat purchases using the app in the following purchases. Our data shows that repeat purchases account for 57% of the total GMV, while the GMV via the shopping app BASE account for 15% of the overall GMV for the BASE service.

GMV Composition of the Shopping App BASE

Other
43%

Shop Repeat
Purchases
57%

BASE Survey Results from September 2021

Reference Information on the ID-Based Payment Service PAY ID :
PAY ID is an ID payment service that allows customers to register their credit card and address information, enabling smooth payments by simply logging in with their ID and password for the following purchases. The current number of registered ID users are over 7.5 million.